

3m Results 2023

 Opinion⁽¹⁾: Above expectations
 Impact⁽¹⁾: We raise our estimates

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Audax Renovables (ADX) is an independent energy group whose core business is the supply of electricity and gas, focused on the Industrial and SME segment (c. 59% y 33%, respectively of the TWh sold) with an international presence. It has 245MW of installed capacity (91MW of wind power and 154MW of solar), 26MW under construction and 1,144MW of PV at various stages of development.

Market Data

| | | |
|------------------------------------|--------------------|---------|
| Market Cap (Mn EUR and USD) | 573.3 | 625.9 |
| EV (Mn EUR and USD) ⁽²⁾ | 985.3 | 1,075.7 |
| Shares Outstanding (Mn) | 440.3 | |
| -12m (Max/Med/Min EUR) | 1.40 / 1.06 / 0.70 | |
| Daily Avg volume (-12m Mn EUR) | 0.63 | |
| Rotation ⁽³⁾ | 28.0 | |
| Factset / Bloomberg | ADX-ES / ADX SM | |
| Close fiscal year | 31-Dec | |

Shareholders Structure (%)

| | |
|--------------------|------|
| José Elías Navarro | 66.2 |
| Indumenta Pueri | 5.9 |
| Free Float | 27.9 |

| Financials (Mn EUR) | 2022 | 2023e | 2024e | 2025e |
|-------------------------------------|---------|---------|---------|---------|
| Adj. nº shares (Mn) | 440.3 | 440.3 | 440.3 | 440.3 |
| Total Revenues | 2,633.0 | 2,418.7 | 2,415.7 | 2,466.4 |
| Rec. EBITDA | 51.7 | 81.6 | 101.6 | 106.0 |
| % growth | 9.9 | 58.0 | 24.4 | 4.3 |
| % Rec. EBITDA/Rev. | 2.0 | 3.4 | 4.2 | 4.3 |
| % Inc. EBITDA sector ⁽⁴⁾ | 22.8 | 15.8 | 4.8 | 2.3 |
| Net Profit | 3.5 | 18.5 | 33.2 | 35.4 |
| EPS (EUR) | 0.01 | 0.04 | 0.08 | 0.08 |
| % growth | 305.8 | 423.3 | 79.2 | 6.7 |
| Ord. EPS (EUR) | 0.01 | 0.04 | 0.08 | 0.08 |
| % growth | n.a. | 552.5 | 79.2 | 6.7 |
| Rec. Free Cash Flow ⁽⁵⁾ | 117.3 | 6.1 | 0.4 | 6.6 |
| Pay-out (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| DPS (EUR) | 0.00 | 0.00 | 0.00 | 0.00 |
| Net financial debt | 345.6 | 339.5 | 339.1 | 332.4 |
| ND/Rec. EBITDA (x) | 6.7 | 4.2 | 3.3 | 3.1 |
| ROE (%) | 2.8 | 14.1 | 21.1 | 18.4 |
| ROCE (%) ⁽⁵⁾ | 4.1 | 9.8 | 12.2 | 11.8 |

Ratios & Multiples (x)⁽⁶⁾

| | | | | |
|------------------------------|------|------|------|------|
| P/E | n.a. | 31.0 | 17.3 | 16.2 |
| Ord. P/E | n.a. | 31.0 | 17.3 | 16.2 |
| P/BV | 4.7 | 4.1 | 3.3 | 2.7 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| EV/Sales | 0.37 | 0.41 | 0.41 | 0.40 |
| EV/Rec. EBITDA | 19.1 | 12.1 | 9.7 | 9.3 |
| EV/EBIT | 30.5 | 16.3 | 12.6 | 12.2 |
| FCF Yield (%) ⁽⁵⁾ | 20.5 | 1.1 | 0.1 | 1.2 |

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Stoxx Europe 600 Utilities.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

1Q23: improvement in supply margin now visible. We upgrade our numbers (EBITDA: +8%)

LOGICAL (AND EXPECTED) DROP IN REVENUE (-5.3% VS 1Q22). ADX obtained EUR 696.9Mn of revenue in 1Q23 (-5.3% vs 1Q22). The year-on-year decline was due to lower energy prices this year (with decreases in the wholesale market of 38% for electricity and 33% for gas). 1Q23 featured a further reduction in supply points (to 376 thousand; -2.9% vs year-end 2022) due to a focus on the most profitable customers. The amount of energy supplied was right in line with 1Q22 (3.9 TWh).

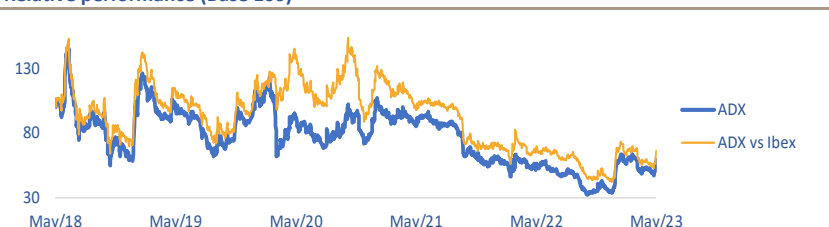
INCREASED GENERATION (+13% VS 1Q22). Although installed capacity was similar to at year-end 2022 (179MW ex-Panama), the commissioning of new projects in 2H22 drove an increase in generation to 76GWh (+13% vs 1Q22). As a result, the percentage of electricity supply covered with own generation and PPAs increased in 1Q23 to 10.5% (from 7.2% in 1Q22).

KEY EARNINGS HIGHLIGHT: POSITIVE TREND IN MARGINS... The discontinuation of the gas business in Poland, coupled with improved profitability in Hungary and the Netherlands, enabled gross margin to rebound to 4Q22 levels (as we had anticipated). Specifically, gross margin widened to 7.3% vs 4.9% in 1Q22 and 6.8% in 4Q22%.

...REVEALING STRONG GROWTH IN EBITDA (+47.2% VS 1Q22). Although revenue was lower, margin growth in the supply business (from 1H22 lows) fuelled a sharp increase in EBITDA in 1Q23 to EUR 23.1Mn (EBITDA margin of 3.3%; +1.2p.p. vs 1Q22).

NET DEBT, EUR 367.2MN (IN LINE WITH 2022). Net debt at the end of the period (EUR 367.2Mn) was virtually in line with the level at year-end 2022 (-0.2% vs 2022), but higher EBITDA led to lower gearing: ND/EBITDA 23e c. 4.2x (vs 6.7x in 2022).

WE UPGRADE OUR ESTIMATES. Our estimates called for significant improvement in margins, but gross margin in 1Q23 was even higher than expected (7.3% vs our previous estimate of 6.5%), prompting us to upgrade our estimates. EBITDA 23e: EUR 81.6Mn (+8.3% vs previous estimate). More importantly, margins still show further upside (gross margin 2019: c. 12%). ADX looks poised to enjoy more positive earnings momentum in coming quarters since margin recovery as a driver should continue to have an impact.

Relative performance (Base 100)


| Stock performance (%) | -1m | -3m | -12m | YTD | -3Y | -5Y |
|------------------------------------|------|------|------|------|-------|-------|
| Absolute | 10.3 | 2.1 | 7.1 | 73.7 | -35.2 | -40.8 |
| vs Ibex 35 | 11.0 | 1.4 | -3.1 | 55.7 | -52.9 | -33.8 |
| vs Ibex Small Cap Index | 13.9 | 12.3 | 15.7 | 61.6 | -51.3 | -41.3 |
| vs Eurostoxx 50 | 10.9 | -0.5 | -9.4 | 52.9 | -56.7 | -51.0 |
| vs Sector benchmark ⁽⁴⁾ | 9.9 | -6.0 | 4.8 | 57.2 | -49.0 | -55.5 |

3m Results 2023

Estimates upgrade

Table 1.1Q23 Results

| EUR Mn | 3m23 Real | 3m22 | 3m23 Real vs 3m22 | 2023e | 2023e vs 2022 |
|---|--------------|--------------|----------------------|----------------|------------------|
| Total Revenues | 696.9 | 736.2 | -5.3% | 2,418.7 | -8.1% |
| Gross Margin | 50.9 | 36.1 | 41.3% | 177.2 | 23.2% |
| <i>Gross Margin/Revenues</i> | <i>7.3%</i> | <i>4.9%</i> | <i>2.4 p.p.</i> | <i>7.3%</i> | <i>1.9 p.p.</i> |
| EBITDA | 23.1 | 15.7 | 47.2% | 81.6 | 50.8% |
| <i>EBITDA/Revenues</i> | <i>3.3%</i> | <i>2.1%</i> | <i>1.2 p.p.</i> | <i>3.4%</i> | <i>1.3 p.p.</i> |
| EBIT | 17.6 | 10.0 | 76.5% | 60.3 | 86.7% |
| NP | 2.0 | 0.9 | 114.7% | 18.5 | 423.3% |
| Supply points (thousand) | 376 | 387 | -2.9% | | |
| Energy supplied (TWh) | 3.9 | 3.9 | 0.0% | | |
| MW in operation ¹ | 179 | 160 | 11.9% | | |
| Electricity generation (GWh) ¹ | 76 | 67 | 13.4% | | |
| | 3m23 | 2022 | | | |
| Net Debt | 367.2 | 367.9 | -0.2% | 339.5 | -2.2% |

Note 1: Installed capacity (MW) and energy generated (GWh) excluding the wind farm in Panamá (66MW, with a 30% stake; equity accounted).

Table 2. Estimates review

| EUR Mn | 2023e (New) | Review (%) | 2024e (New) | Review (%) | 2025e (New) |
|--------------------------------|---------------|------------------|---------------|-------------------|---------------|
| Total Revenues | 2418.7 | 0.1% | 2415.7 | 0.2% | 2466.4 |
| Recurrent EBITDA | 81.6 | 8.3% | 101.6 | -3.2% | 106.0 |
| <i>Recurrent EBITDA growth</i> | <i>58.0%</i> | <i>16.7 p.p.</i> | <i>24.4%</i> | <i>-14.8 p.p.</i> | <i>4.3%</i> |
| <i>Rec. EBITDA/Revenues</i> | <i>3.4%</i> | <i>0.3 p.p.</i> | <i>4.2%</i> | <i>-0.1 p.p.</i> | <i>4.3%</i> |
| EBIT | 60.3 | 16.9% | 78.4 | -0.3% | 81.0 |
| <i>ND / EBITDA</i> | <i>4.2 x</i> | <i>-2.5 x</i> | <i>3.3 x</i> | <i>-1.2 x</i> | <i>3.1 x</i> |

Table 3. Pipeline

| MW | Early Stage | Grid Connection | Environmental approval | Backlog | Under | | Total | % |
|--------------|-------------|--------------------|---------------------------|------------|--------------|------------|--------------|---------------|
| | | | | | Construction | Operation | | |
| Spain | 50 | 35 | 91 | 140 | 26 | 133 | 475 | 33.6% |
| Portugal | 405 | 0 | 0 | 204 | 0 | 0 | 609 | 43.0% |
| Italy | 0 | 190 | 0 | 29 | 0 | 0 | 219 | 15.5% |
| France | 0 | 0 | 0 | 0 | 0 | 12 | 12 | 0.8% |
| Poland | 0 | 0 | 0 | 0 | 0 | 34 | 34 | 2.4% |
| Panama* | 0 | 0 | 0 | 0 | 0 | 66 | 66 | 4.7% |
| TOTAL | 455 | 225 | 91 | 373 | 26 | 245 | 1,415 | 100.0% |

* Audax has a 30% stake in the Panama wind farm (equity accounted)

Valuation inputs

Inputs for the DCF Valuation Approach

| | 2023e | 2024e | 2025e | Terminal Value ⁽¹⁾ | | |
|--------------------------------|-------|---|-------|-------------------------------|-----------|------------|
| Free Cash Flow "To the Firm" | 35.9 | 30.0 | 36.1 | n.a. | | |
| Market Cap | 573.3 | At the date of this report | | | | |
| Net financial debt | 367.2 | Debt net of Cash (3m Results 2023) | | | | |
| | | | | | Best Case | Worst Case |
| Cost of Debt | 5.5% | Net debt cost | | | 5.3% | 5.8% |
| Tax rate (T) | 20.0% | T (Normalised tax rate) | | | = | = |
| Net debt cost | 4.4% | $K_d = \text{Cost of Net Debt} * (1-T)$ | | | 4.2% | 4.6% |
| Risk free rate (rf) | 3.3% | Rf (10y Spanish bond yield) | | | = | = |
| Equity risk premium | 6.0% | R (own estimate) | | | 5.5% | 6.5% |
| Beta (B) | 1.1 | B (own estimate) | | | 1.0 | 1.2 |
| Cost of Equity | 9.9% | $K_e = R_f + (R * B)$ | | | 8.8% | 11.1% |
| Equity / (Equity + Net Debt) | 61.0% | E (Market Cap as equity value) | | | = | = |
| Net Debt / (Equity + Net Debt) | 39.0% | D | | | = | = |
| WACC | 7.8% | $WACC = K_d * D + K_e * E$ | | | 7.0% | 8.6% |
| G "Fair" | 1.5% | | | | 2.0% | 1.5% |

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

| Company | Ticker Factset | Mkt. Cap | P/E 23e | EPS 23e-25e | EV/EBITDA 23e | EBITDA 23e-25e | EV/Sales 23e | Revenues 23e-25e | EBITDA/Sales 23e | FCF Yield 23e | FCF 23e-25e |
|-----------------------------|----------------|----------|-------------|-------------|---------------|----------------|--------------|------------------|------------------|---------------|--------------|
| Iberdrola | IBE-ES | 75,873.7 | 16.6 | 6.2% | 9.1 | 5.9% | 2.5 | 2.2% | 27.1% | n.a. | 42.8% |
| Endesa | ELE-ES | 21,053.3 | 13.4 | 9.9% | 8.1 | 6.2% | 1.5 | -2.9% | 18.7% | 3.9% | 36.1% |
| Naturgy | NTGY-ES | 27,420.7 | 15.9 | -4.3% | 8.6 | -0.7% | 1.4 | -6.7% | 16.6% | 2.0% | -47.4% |
| EDP | EDP-PT | 20,079.1 | 17.6 | 6.3% | 8.7 | 4.2% | 2.0 | 2.2% | 23.5% | n.a. | 23.1% |
| Integrated Utilities | | | 15.9 | 4.5% | 8.6 | 3.9% | 1.9 | -1.3% | 21.5% | 3.0% | 13.7% |
| Solaria | SLR-ES | 1,833.0 | 15.7 | 13.6% | 12.8 | 21.4% | 11.2 | 23.8% | 86.9% | n.a. | -26.9% |
| Grenergy | GRE-ES | 841.2 | 26.7 | 30.6% | 13.4 | 49.4% | 4.9 | 31.7% | 36.3% | n.a. | -7.1% |
| Scatec A | SCATC-NO | 982.7 | 68.2 | n.a. | 10.2 | 22.9% | 7.5 | 24.2% | 73.1% | n.a. | 18.1% |
| Renewable Energy | | | 36.9 | 22.1% | 12.2 | 31.2% | 7.8 | 26.6% | 65.4% | n.a. | -5.3% |
| ADX | ADX-ES | 573.3 | 31.0 | 38.2% | 12.1 | 13.9% | 0.4 | 1.0% | 3.4% | 1.1% | 4.1% |

Free Cash Flow sensitivity analysis (2024e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

| Scenario | EBITDA/Sales 24e | EBITDA 24e | EV/EBITDA 24e |
|----------|------------------|------------|---------------|
| Max | 4.6% | 111.3 | 8.9x |
| Central | 4.2% | 101.6 | 9.7x |
| Min | 3.8% | 91.9 | 10.7x |

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

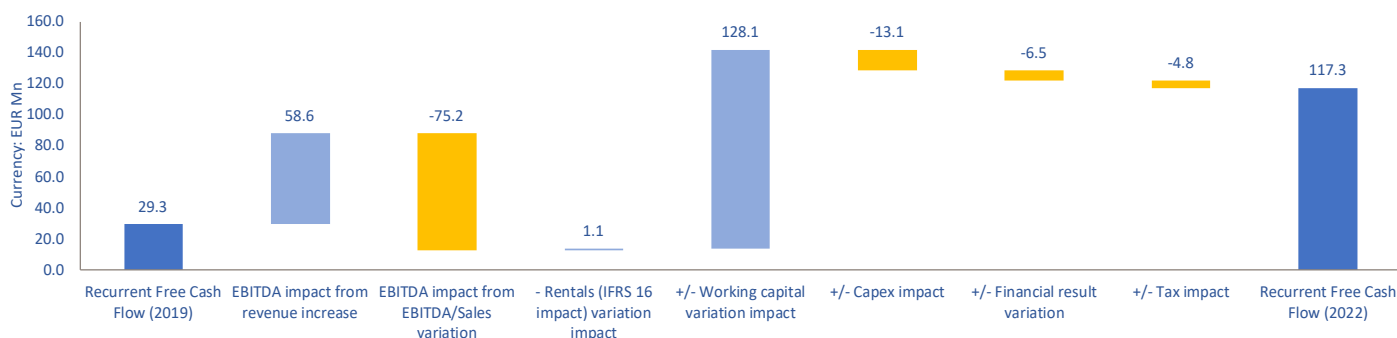
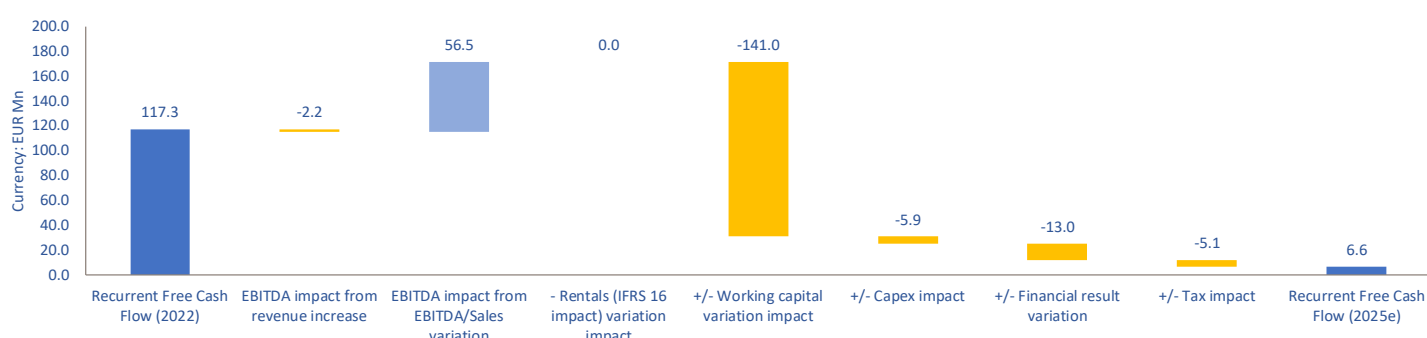
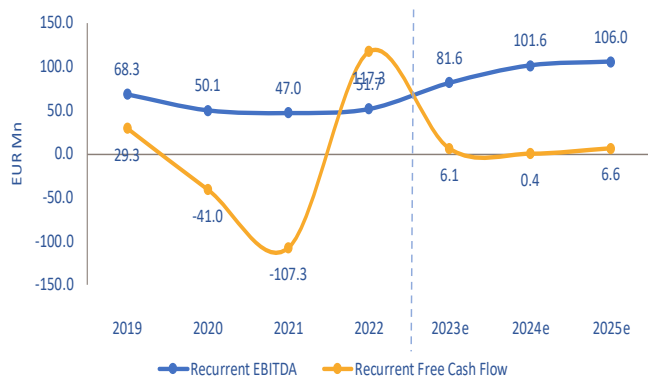
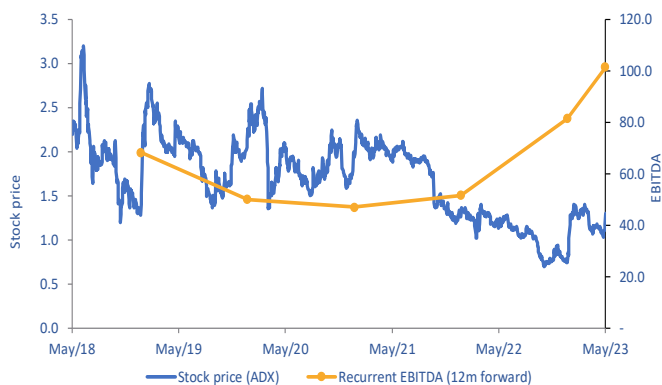
| Rec. FCF EUR Mn | CAPEX/Sales 24e | | | Scenario | Rec. FCF/Yield 24e | | |
|-----------------|-----------------|-------|--------|----------|--------------------|------|------|
| EBITDA 24e | 2.1% | 2.3% | 2.5% | | Max | 2.6% | 1.8% |
| 111.3 | 14.9 | 10.1 | 5.2 | Central | 0.9% | 0.1% | n.a. |
| 101.6 | 5.2 | 0.4 | (4.4) | Min | n.a. | n.a. | n.a. |
| 91.9 | (4.4) | (9.2) | (14.1) | | | | |

Appendix 1. Financial Projections

| Balance Sheet (EUR Mn) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | CAGR | |
|--|--------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|
| Intangible assets | 111.5 | 106.3 | 159.5 | 200.0 | 202.0 | 202.0 | 202.0 | 202.0 | | |
| Fixed assets | 166.6 | 75.3 | 87.4 | 117.2 | 140.0 | 167.5 | 200.3 | 227.9 | | |
| Other Non Current Assets | 12.5 | 14.3 | 14.8 | 24.9 | 27.6 | 27.6 | 27.6 | 27.6 | | |
| Financial Investments | 99.0 | 76.3 | 25.6 | 105.7 | 107.2 | 111.4 | 115.6 | 119.8 | | |
| Goodwill & Other Intangibles | 138.6 | 137.9 | 137.9 | 137.9 | 137.8 | 137.8 | 137.8 | 137.8 | | |
| Current assets | 161.6 | 177.1 | 266.0 | 399.0 | 384.6 | 349.9 | 349.6 | 355.4 | | |
| Total assets | 689.8 | 587.2 | 691.3 | 984.8 | 999.4 | 996.3 | 1,033.0 | 1,070.6 | | |
| Equity | 106.3 | 122.2 | 135.2 | 132.4 | 122.4 | 140.9 | 174.1 | 209.5 | | |
| Minority Interests | 33.3 | 33.5 | 7.8 | 12.0 | 13.3 | 17.5 | 21.7 | 25.9 | | |
| Provisions & Other L/T Liabilities | 92.1 | 59.3 | 114.7 | 138.6 | 113.5 | 113.5 | 113.5 | 113.5 | | |
| Other Non Current Liabilities | - | 9.6 | 8.9 | 16.5 | 20.7 | 20.7 | 20.7 | 20.7 | | |
| Net financial debt | 291.8 | 169.2 | 202.9 | 426.9 | 345.6 | 339.5 | 339.1 | 332.4 | | |
| Current Liabilities | 166.4 | 193.5 | 221.8 | 258.4 | 383.8 | 364.2 | 363.9 | 368.6 | | |
| Equity & Total Liabilities | 689.8 | 587.2 | 691.3 | 984.8 | 999.4 | 996.3 | 1,033.0 | 1,070.6 | | |
| P&L (EUR Mn) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 19-22 | 22-25e |
| Total Revenues | 986.9 | 1,043.8 | 969.3 | 1,683.9 | 2,633.0 | 2,418.7 | 2,415.7 | 2,466.4 | 36.1% | -2.2% |
| Total Revenues growth | n.a. | 5.8% | -7.1% | 73.7% | 56.4% | -8.1% | -0.1% | 2.1% | | |
| COGS | (883.2) | (917.2) | (854.4) | (1,561.2) | (2,489.2) | (2,241.5) | (2,216.8) | (2,261.2) | | |
| Gross Margin | 103.7 | 126.6 | 114.9 | 122.7 | 143.8 | 177.2 | 198.9 | 205.2 | 4.3% | 12.6% |
| Gross Margin/Revenues | 10.5% | 12.1% | 11.9% | 7.3% | 5.5% | 7.3% | 8.2% | 8.3% | | |
| Personnel Expenses | (19.4) | (21.0) | (22.5) | (27.7) | (30.1) | (31.2) | (31.7) | (32.4) | | |
| Other Operating Expenses | (39.5) | (37.3) | (42.3) | (47.9) | (62.1) | (64.4) | (65.6) | (66.9) | | |
| Recurrent EBITDA | 44.8 | 68.3 | 50.1 | 47.0 | 51.7 | 81.6 | 101.6 | 106.0 | -8.9% | 27.1% |
| Recurrent EBITDA growth | n.a. | 52.4% | -26.7% | -6.2% | 9.9% | 58.0% | 24.4% | 4.3% | | |
| Rec. EBITDA/Revenues | 4.5% | 6.5% | 5.2% | 2.8% | 2.0% | 3.4% | 4.2% | 4.3% | | |
| Restructuring Expense & Other non-rec. | - | - | - | (0.2) | 2.5 | - | - | - | | |
| EBITDA | 44.8 | 68.3 | 50.1 | 46.9 | 54.1 | 81.6 | 101.6 | 106.0 | -7.5% | 25.1% |
| Depreciation & Provisions | (25.1) | (25.1) | (19.7) | (22.0) | (21.8) | (21.3) | (23.2) | (25.0) | | |
| Capitalized Expense | - | - | - | - | - | - | - | - | | |
| Rentals (IFRS 16 impact) | - | (1.1) | - | - | - | - | - | - | | |
| EBIT | 19.7 | 42.1 | 30.4 | 24.9 | 32.3 | 60.3 | 78.4 | 81.0 | -8.4% | 35.9% |
| EBIT growth | n.a. | 113.1% | -27.7% | -18.2% | 29.7% | 86.7% | 30.1% | 3.3% | | |
| EBIT/Revenues | 2.0% | 4.0% | 3.1% | 1.5% | 1.2% | 2.5% | 3.2% | 3.3% | | |
| Impact of Goodwill & Others | - | - | - | - | - | - | - | - | | |
| Net Financial Result | (17.1) | (13.9) | (12.7) | (26.5) | (22.7) | (36.1) | (35.9) | (35.7) | | |
| Income by the Equity Method | (0.0) | (0.1) | (0.1) | (0.1) | 3.0 | 4.2 | 4.2 | 4.2 | | |
| Ordinary Profit | 2.6 | 28.1 | 17.7 | (1.6) | 12.6 | 28.4 | 46.7 | 49.5 | -23.5% | 57.9% |
| Ordinary Profit Growth | n.a. | 979.7% | -37.0% | -109.2% | 875.7% | 125.9% | 64.5% | 5.9% | | |
| Extraordinary Results | 8.6 | 5.0 | 16.3 | - | - | - | - | - | | |
| Profit Before Tax | 11.2 | 33.1 | 34.0 | (1.6) | 12.6 | 28.4 | 46.7 | 49.5 | -27.5% | 57.9% |
| Tax Expense | (1.8) | (1.7) | (3.9) | (1.7) | (4.8) | (5.7) | (9.3) | (9.9) | | |
| Effective Tax Rate | 15.9% | 5.1% | 11.4% | n.a. | 38.2% | 20.0% | 20.0% | 20.0% | | |
| Minority Interests | (1.0) | (5.9) | (3.8) | 1.6 | (4.2) | (4.2) | (4.2) | (4.2) | | |
| Discontinued Activities | - | - | - | - | - | - | - | - | | |
| Net Profit | 8.4 | 25.4 | 26.4 | (1.7) | 3.5 | 18.5 | 33.2 | 35.4 | -48.2% | n.a. |
| Net Profit growth | n.a. | 202.5% | 3.7% | -106.5% | 305.8% | 423.3% | 79.2% | 6.7% | | |
| Ordinary Net Profit | 1.2 | 20.7 | 11.9 | 0.1 | 2.8 | 18.5 | 33.2 | 35.4 | -48.5% | n.a. |
| Ordinary Net Profit growth | n.a. | n.a. | -42.6% | -98.9% | n.a. | 552.5% | 79.2% | 6.7% | | |
| Cash Flow (EUR Mn) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 19-22 | 22-25e |
| Recurrent EBITDA | | | | | | 81.6 | 101.6 | 106.0 | -8.9% | 27.1% |
| Rentals (IFRS 16 impact) | | | | | | - | - | - | | |
| Working Capital Increase | | | | | | 15.1 | 0.1 | (1.2) | | |
| Recurrent Operating Cash Flow | | | | | | 96.7 | 101.7 | 104.8 | 34.4% | -18.2% |
| CAPEX | | | | | | (48.8) | (56.0) | (52.5) | | |
| Net Financial Result affecting the Cash Flow | | | | | | (36.1) | (35.9) | (35.7) | | |
| Tax Expense | | | | | | (5.7) | (9.3) | (9.9) | | |
| Recurrent Free Cash Flow | | | | | | 6.1 | 0.4 | 6.6 | 58.8% | -61.6% |
| Restructuring Expense & Other non-rec. | | | | | | - | - | - | | |
| - Acquisitions / + Divestures of assets | | | | | | - | - | - | | |
| Extraordinary Inc./Exp. Affecting Cash Flow | | | | | | - | - | - | | |
| Free Cash Flow | | | | | | 6.1 | 0.4 | 6.6 | -12.8% | -56.6% |
| Capital Increase | | | | | | - | - | - | | |
| Dividends | | | | | | - | - | - | | |
| Net Debt Variation | | | | | | (6.1) | (0.4) | (6.6) | | |

Appendix 2. Free Cash Flow

| A) Cash Flow Analysis (EUR Mn) | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | CAGR | |
|---|--------------|---------------|----------------|----------------|----------------|--------------|--------------|---------------|---------------|
| | | | | | | | | 19-22 | 22-25e |
| Recurrent EBITDA | 68.3 | 50.1 | 47.0 | 51.7 | 81.6 | 101.6 | 106.0 | -8.9% | 27.1% |
| <i>Recurrent EBITDA growth</i> | 52.4% | -26.7% | -6.2% | 9.9% | 58.0% | 24.4% | 4.3% | | |
| <i>Rec. EBITDA/Revenues</i> | 6.5% | 5.2% | 2.8% | 2.0% | 3.4% | 4.2% | 4.3% | | |
| - Rentals (IFRS 16 impact) | (1.1) | - | - | - | - | - | - | | |
| +/- Working Capital increase | 11.7 | (60.7) | (96.3) | 139.8 | 15.1 | 0.1 | (1.2) | | |
| = Recurrent Operating Cash Flow | 78.9 | (10.6) | (49.3) | 191.5 | 96.7 | 101.7 | 104.8 | 34.4% | -18.2% |
| <i>Rec. Operating Cash Flow growth</i> | 59.4% | -113.4% | -364.8% | 488.2% | -49.5% | 5.1% | 3.0% | | |
| <i>Rec. Operating Cash Flow / Sales</i> | 7.6% | n.a. | n.a. | 7.3% | 4.0% | 4.2% | 4.2% | | |
| - CAPEX | (33.5) | (17.0) | (39.1) | (46.6) | (48.8) | (56.0) | (52.5) | | |
| - Net Financial Result affecting Cash Flow | (16.1) | (13.4) | (18.9) | (22.7) | (36.1) | (35.9) | (35.7) | | |
| - Taxes | - | - | - | (4.8) | (5.7) | (9.3) | (9.9) | | |
| = Recurrent Free Cash Flow | 29.3 | (41.0) | (107.3) | 117.3 | 6.1 | 0.4 | 6.6 | 58.8% | -61.6% |
| <i>Rec. Free Cash Flow growth</i> | 4.0% | -239.8% | -162.1% | 209.3% | -94.8% | -93.3% | n.a. | | |
| <i>Rec. Free Cash Flow / Revenues</i> | 2.8% | n.a. | n.a. | 4.5% | 0.3% | 0.0% | 0.3% | | |
| - Restructuring expenses & others | - | - | - | - | - | - | - | | |
| - Acquisitions / + Divestments | 46.5 | (91.1) | (77.4) | 1.5 | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | 46.8 | 118.2 | (29.0) | (37.5) | - | - | - | | |
| = Free Cash Flow | 122.6 | (13.8) | (213.7) | 81.3 | 6.1 | 0.4 | 6.6 | -12.8% | -56.6% |
| <i>Free Cash Flow growth</i> | 321.1% | -111.3% | n.a. | 138.1% | -92.5% | -93.3% | n.a. | | |
| <i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i> | 5.1% | n.a. | n.a. | 20.5% | 1.1% | 0.1% | 1.2% | | |
| <i>Free Cash Flow Yield (s/Mkt Cap)</i> | 21.4% | n.a. | n.a. | 14.2% | 1.1% | 0.1% | 1.2% | | |
| B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn) | | | | | | | | | |
| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | | |
| Recurrent FCF(FY - 1) | 28.2 | 29.3 | (41.0) | (107.3) | 117.3 | 6.1 | 0.4 | | |
| EBITDA impact from revenue increase | 2.6 | (4.9) | 36.9 | 26.5 | (4.2) | (0.1) | 2.1 | | |
| EBITDA impact from EBITDA/Sales variation | 20.9 | (13.3) | (40.0) | (21.8) | 34.2 | 20.1 | 2.2 | | |
| = Recurrent EBITDA variation | 23.5 | (18.2) | (3.1) | 4.7 | 30.0 | 20.0 | 4.4 | | |
| - Rentals (IFRS 16 impact) variation impact | (1.1) | 1.1 | - | - | - | - | - | | |
| +/- Working capital variation impact | 7.0 | (72.4) | (35.6) | 236.1 | (124.7) | (15.0) | (1.3) | | |
| = Recurrent Operating Cash Flow variation | 29.4 | (89.6) | (38.7) | 240.8 | (94.7) | 4.9 | 3.1 | | |
| +/- CAPEX impact | (30.4) | 16.6 | (22.2) | (7.5) | (2.2) | (7.2) | 3.5 | | |
| +/- Financial result variation | 1.0 | 2.7 | (5.5) | (3.8) | (13.4) | 0.2 | 0.2 | | |
| +/- Tax impact | 1.1 | - | - | (4.8) | (0.9) | (3.7) | (0.6) | | |
| = Recurrent Free Cash Flow variation | 1.1 | (70.3) | (66.4) | 224.7 | (111.2) | (5.7) | 6.2 | | |
| Recurrent Free Cash Flow | 29.3 | (41.0) | (107.3) | 117.3 | 6.1 | 0.4 | 6.6 | | |
| C) "FCF to the Firm" (pre debt service) (EUR Mn) | | | | | | | | | |
| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | CAGR | |
| EBIT | 42.1 | 30.4 | 24.9 | 32.3 | 60.3 | 78.4 | 81.0 | -8.4% | 35.9% |
| * Theoretical Tax rate | 5.1% | 11.4% | 0.0% | 30.0% | 20.0% | 20.0% | 20.0% | | |
| = Taxes (pre- Net Financial Result) | (2.2) | (3.5) | - | (9.7) | (12.1) | (15.7) | (16.2) | | |
| Recurrent EBITDA | 68.3 | 50.1 | 47.0 | 51.7 | 81.6 | 101.6 | 106.0 | -8.9% | 27.1% |
| - Rentals (IFRS 16 impact) | (1.1) | - | - | - | - | - | - | | |
| +/- Working Capital increase | 11.7 | (60.7) | (96.3) | 139.8 | 15.1 | 0.1 | (1.2) | | |
| = Recurrent Operating Cash Flow | 78.9 | (10.6) | (49.3) | 191.5 | 96.7 | 101.7 | 104.8 | 34.4% | -18.2% |
| - CAPEX | (33.5) | (17.0) | (39.1) | (46.6) | (48.8) | (56.0) | (52.5) | | |
| - Taxes (pre- Financial Result) | (2.2) | (3.5) | - | (9.7) | (12.1) | (15.7) | (16.2) | | |
| = Recurrent Free Cash Flow (To the Firm) | 43.3 | (31.0) | (88.5) | 135.1 | 35.9 | 30.0 | 36.1 | 46.2% | -35.6% |
| <i>Rec. Free Cash Flow (To the Firm) growth</i> | 0.0% | -171.7% | -185.1% | 252.7% | -73.5% | -16.4% | 20.2% | | |
| <i>Rec. Free Cash Flow (To the Firm) / Revenues</i> | 4.1% | n.a. | n.a. | 5.1% | 1.5% | 1.2% | 1.5% | | |
| - Acquisitions / + Divestments | 46.5 | (91.1) | (77.4) | 1.5 | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | 46.8 | 118.2 | (29.0) | (37.5) | - | - | - | | |
| = Free Cash Flow "To the Firm" | 136.6 | (3.9) | (194.9) | 99.1 | 35.9 | 30.0 | 36.1 | -10.1% | -28.6% |
| <i>Free Cash Flow (To the Firm) growth</i> | 438.4% | -102.9% | n.a. | 150.9% | -63.8% | -16.4% | 20.2% | | |
| <i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i> | 4.4% | n.a. | n.a. | 13.7% | 3.6% | 3.0% | 3.7% | | |
| <i>Free Cash Flow "To the Firm" - Yield (o/EV)</i> | 13.9% | n.a. | n.a. | 10.1% | 3.6% | 3.0% | 3.7% | | |

Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)

Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)

Recurrent EBITDA vs Recurrent Free Cash Flow

Stock performance vs EBITDA 12m forward

Appendix 3. EV breakdown at the date of this report

| | EUR Mn | Source |
|--------------------------------------|--------------|-----------------|
| Market Cap | 573.3 | |
| + Minority Interests | 13.3 | 3m Results 2023 |
| + Provisions & Other L/T Liabilities | 58.2 | 3m Results 2022 |
| + Net financial debt | 367.2 | 3m Results 2023 |
| - Financial Investments | 26.8 | 3m Results 2022 |
| +/- Others | | |
| Enterprise Value (EV) | 985.3 | |

Appendix 4. Historical performance ⁽¹⁾

| Historical performance (EUR Mn) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | CAGR | |
|------------------------------------|--------|--------|--------|---------|---------|--------|--------|---------|--------|---------|---------|---------|---------|---------|-------|--------|
| | | | | | | | | | | | | | | | 12-22 | 22-25e |
| Total Revenues | 44.6 | 37.9 | 33.7 | 28.5 | 30.2 | 36.9 | 986.9 | 1,043.8 | 969.3 | 1,683.9 | 2,633.0 | 2,418.7 | 2,415.7 | 2,466.4 | 50.3% | -2.2% |
| Total Revenues growth | 3.8% | -15.2% | -10.9% | -15.6% | 5.9% | 22.3% | n.a. | 5.8% | -7.1% | 73.7% | 56.4% | -8.1% | -0.1% | 2.1% | | |
| EBITDA | 31.7 | 25.7 | 21.9 | 12.8 | 18.3 | 24.8 | 44.8 | 68.3 | 50.1 | 46.9 | 54.1 | 81.6 | 101.6 | 106.0 | 5.5% | 25.1% |
| EBITDA growth | 7.5% | -19.0% | -15.0% | -41.6% | 43.4% | 35.7% | 80.4% | 52.4% | -26.7% | -6.5% | 15.5% | 50.8% | 24.4% | 4.3% | | |
| EBITDA/Sales | 71.1% | 67.9% | 64.8% | 44.8% | 60.7% | 67.3% | 4.5% | 6.5% | 5.2% | 2.8% | 2.1% | 3.4% | 4.2% | 4.3% | | |
| Net Profit | (69.0) | 1.4 | 2.0 | (11.4) | (31.6) | 7.4 | 8.4 | 25.4 | 26.4 | (1.7) | 3.5 | 18.5 | 33.2 | 35.4 | 7.4% | n.a. |
| Net Profit growth | 32.7% | 102.0% | 46.7% | -669.1% | -177.0% | 123.3% | 14.4% | 202.5% | 3.7% | -106.5% | 305.8% | 423.3% | 79.2% | 6.7% | | |
| Adjusted number shares (Mn) | 138.4 | 138.4 | 139.8 | 140.0 | 140.0 | 140.0 | 171.4 | 440.3 | 440.3 | 440.3 | 440.3 | 440.3 | 440.3 | 440.3 | | |
| EPS (EUR) | -0.50 | 0.01 | 0.01 | -0.08 | -0.23 | 0.05 | 0.05 | 0.06 | 0.06 | 0.00 | 0.01 | 0.04 | 0.08 | 0.08 | 7.3% | n.a. |
| EPS growth | 32.7% | n.a. | 45.2% | n.a. | n.a. | n.a. | -6.5% | 17.8% | 3.7% | n.a. | n.a. | n.a. | 79.2% | 6.7% | | |
| Ord. EPS (EUR) | -0.50 | 0.01 | 0.01 | -0.08 | -0.23 | 0.05 | 0.01 | 0.05 | 0.03 | 0.00 | 0.01 | 0.04 | 0.08 | 0.08 | 7.2% | n.a. |
| Ord. EPS growth | 32.7% | n.a. | 45.2% | n.a. | n.a. | n.a. | -86.7% | n.a. | -42.6% | -98.9% | n.a. | n.a. | 79.2% | 6.7% | | |
| CAPEX | (16.4) | (5.3) | (15.6) | (34.9) | (0.8) | (0.3) | (3.1) | (33.5) | (17.0) | (39.1) | (46.6) | (48.8) | (56.0) | (52.5) | | |
| CAPEX/Sales % | 36.7% | 14.0% | 46.3% | 122.7% | 2.8% | 0.7% | 0.3% | 3.2% | 1.7% | 2.3% | 1.8% | 2.0% | 2.3% | 2.1% | | |
| Free Cash Flow | 8.2 | 5.8 | (6.7) | (29.8) | 8.1 | 7.3 | (55.5) | 122.6 | (13.8) | (213.7) | 81.3 | 6.1 | 0.4 | 6.6 | 25.8% | -56.6% |
| ND/EBITDA (x) ⁽²⁾ | 5.9x | 6.2x | 7.3x | 10.0x | 6.4x | 4.4x | 6.5x | 2.5x | 4.1x | 9.1x | 6.4x | 4.2x | 3.3x | 3.1x | | |
| P/E (x) | n.a. | 39.1x | 22.8x | n.a. | n.a. | 8.3x | 25.9x | 36.7x | 32.1x | n.a. | 93.2x | 31.0x | 17.3x | 16.2x | | |
| EV/Sales (x) | 5.31x | 5.76x | 5.93x | 6.34x | 6.22x | 9.33x | 0.87x | 1.08x | 1.11x | 0.61x | 0.29x | 0.41x | 0.41x | 0.40x | | |
| EV/EBITDA (x) ⁽²⁾ | 7.5x | 8.5x | 9.1x | 14.1x | 10.3x | 13.9x | 19.2x | 16.5x | 21.5x | 21.9x | 13.9x | 12.1x | 9.7x | 9.3x | | |
| Absolute performance | -52.1% | 14.7% | -15.4% | 12.1% | 35.1% | -12.0% | 192.0% | 66.5% | -9.2% | -34.6% | -40.5% | 73.7% | | | | |
| Relative performance vs Ibxex 35 | -49.8% | -5.5% | -18.4% | 20.8% | 37.9% | -18.1% | 243.5% | 48.9% | 7.4% | -39.4% | -37.0% | 55.7% | | | | |

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2023e

| Market data | EUR Mn | Integrated Utilities | | | | Average | Renewable Energy | | | Average | ADX |
|-------------------------|--------|----------------------|----------|----------|-----------|---------|------------------|----------|----------|---------|---------|
| | | Iberdrola | Endesa | Naturgy | EDP | | Solaria | Grenergy | Scatec A | | |
| Ticker (Factset) | | IBE-ES | ELE-ES | NTGY-ES | EDP-PT | | SLR-ES | GRE-ES | SCATC-NO | | ADX-ES |
| Country | | Spain | Spain | Spain | Portugal | | Spain | Spain | Norway | | Spain |
| Market cap | | 75,873.7 | 21,053.3 | 27,420.7 | 20,079.1 | | 1,833.0 | 841.2 | 982.7 | | 573.3 |
| Enterprise value (EV) | | 130,612.4 | 37,107.7 | 41,785.8 | 42,526.7 | | 2,672.0 | 1,209.1 | 2,749.5 | | 985.3 |
| Total Revenues | | 52,903.6 | 24,569.0 | 29,475.5 | 20,761.1 | | 239.5 | 248.5 | 368.3 | | 2,418.7 |
| Total Revenues growth | | -1.9% | -24.5% | -13.2% | -0.6% | -10.1% | 72.0% | 124.8% | 42.7% | 79.8% | -8.1% |
| 2y CAGR (2023e - 2025e) | | 2.2% | -2.9% | -6.7% | 2.2% | -1.3% | 23.8% | 31.7% | 24.2% | 26.6% | 1.0% |
| EBITDA | | 14,314.4 | 4,603.1 | 4,881.6 | 4,870.9 | | 208.1 | 90.2 | 269.2 | | 81.6 |
| EBITDA growth | | 12.3% | -36.9% | 4.6% | 31.9% | 3.0% | 51.4% | 79.3% | 73.4% | 68.1% | 50.8% |
| 2y CAGR (2023e - 2025e) | | 5.9% | 6.2% | -0.7% | 4.2% | 3.9% | 21.4% | 49.4% | 22.9% | 31.2% | 13.9% |
| EBITDA/Revenues | | 27.1% | 18.7% | 16.6% | 23.5% | 21.5% | 86.9% | 36.3% | 73.1% | 65.4% | 3.4% |
| EBIT | | 8,880.6 | 2,644.0 | 3,219.9 | 3,107.2 | | 170.3 | 63.0 | 166.5 | | 60.3 |
| EBIT growth | | 10.5% | -52.9% | -2.0% | 85.2% | 10.2% | 51.4% | 74.4% | 111.5% | 79.1% | 86.7% |
| 2y CAGR (2023e - 2025e) | | 6.1% | 7.5% | -3.3% | 3.2% | 3.4% | 18.6% | 50.0% | 24.9% | 31.2% | 15.9% |
| EBIT/Revenues | | 16.8% | 10.8% | 10.9% | 15.0% | 13.4% | 71.1% | 25.4% | 45.2% | 47.2% | 2.5% |
| Net Profit | | 4,572.3 | 1,573.7 | 1,675.8 | 1,136.1 | | 112.4 | 28.0 | 14.6 | | 18.5 |
| Net Profit growth | | 3.7% | -38.1% | 0.2% | 67.3% | 8.3% | 24.8% | 171.4% | 112.7% | 103.0% | 423.3% |
| 2y CAGR (2023e - 2025e) | | 6.4% | 11.8% | -4.1% | 7.4% | 5.4% | 12.7% | 44.0% | n.a. | 28.3% | 38.2% |
| CAPEX/Sales % | | 27.5% | 10.5% | 7.8% | 24.1% | 17.5% | 194.1% | 160.8% | 190.8% | 181.9% | 2.0% |
| Free Cash Flow | | (3,535.1) | 814.4 | 560.7 | (1,553.6) | | (269.5) | (399.4) | (499.4) | | 6.1 |
| Net financial debt | | 52,494.5 | 12,388.3 | 13,503.0 | 15,494.0 | | 1,063.4 | 712.1 | 2,191.0 | | 339.5 |
| ND/EBITDA (x) | | 3.7 | 2.7 | 2.8 | 3.2 | 3.1 | 5.1 | 7.9 | 8.1 | 7.0 | 4.2 |
| Pay-out | | 72.6% | 72.4% | 70.2% | 68.8% | 71.0% | 0.0% | 0.0% | 173.2% | 57.7% | 0.0% |
| P/E (x) | | 16.6 | 13.4 | 15.9 | 17.6 | 15.9 | 15.7 | 26.7 | 68.2 | 36.9 | 31.0 |
| P/BV (x) | | 1.7 | 3.8 | 3.4 | 1.9 | 2.7 | 4.0 | 3.0 | 1.3 | 2.8 | 4.1 |
| EV/Revenues (x) | | 2.5 | 1.5 | 1.4 | 2.0 | 1.9 | 11.2 | 4.9 | 7.5 | 7.8 | 0.4 |
| EV/EBITDA (x) | | 9.1 | 8.1 | 8.6 | 8.7 | 8.6 | 12.8 | 13.4 | 10.2 | 12.2 | 12.1 |
| EV/EBIT (x) | | 14.7 | 14.0 | 13.0 | 13.7 | 13.9 | 15.7 | 19.2 | 16.5 | 17.1 | 16.3 |
| ROE | | 9.9 | 28.1 | 21.5 | 10.7 | 17.6 | 25.3 | 11.3 | 1.9 | 12.8 | 14.1 |
| FCF Yield (%) | | n.a. | 3.9 | 2.0 | n.a. | 3.0 | n.a. | n.a. | n.a. | n.a. | 1.1 |
| DPS | | 0.51 | 1.08 | 1.23 | 0.20 | 0.75 | 0.00 | 0.00 | 0.16 | 0.05 | 0.00 |
| Dvd Yield | | 4.4% | 5.4% | 4.3% | 4.1% | 4.6% | 0.0% | 0.0% | 2.6% | 0.9% | 0.0% |

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Notes and Reports History

| Date of report | Recommendation | Price (EUR) | Target price (EUR) | Period of validity | Reason for report | Analyst |
|----------------|----------------|-------------|--------------------|--------------------|-------------------------------------|---------------------|
| 12-May-2023 | n.a. | 1.30 | n.a. | n.a. | 3m Results 2023 - Estimates upgrade | David López Sánchez |
| 27-Feb-2023 | n.a. | 1.30 | n.a. | n.a. | 12m Results 2022 | David López Sánchez |
| 16-Nov-2022 | n.a. | 0.89 | n.a. | n.a. | 9m Results 2022 | David López Sánchez |
| 03-Oct-2022 | n.a. | 0.84 | n.a. | n.a. | 6m Results 2022 | David López Sánchez |
| 13-May-2022 | n.a. | 1.19 | n.a. | n.a. | 3m Results 2022 | David López Sánchez |
| 01-Mar-2022 | n.a. | 1.30 | n.a. | n.a. | 12m Results 2021 | David López Sánchez |
| 16-Nov-2021 | n.a. | 1.30 | n.a. | n.a. | 9m Results 2021 | David López Sánchez |
| 01-Oct-2021 | n.a. | 1.50 | n.a. | n.a. | 6m Results 2021 | David López Sánchez |
| 14-May-2021 | n.a. | 1.94 | n.a. | n.a. | 3m Results 2021 | David López Sánchez |
| 02-Mar-2021 | n.a. | 2.04 | n.a. | n.a. | 12m Results 2020 | David López Sánchez |
| 12-Nov-2020 | n.a. | 2.07 | n.a. | n.a. | 9m Results 2020 | David López Sánchez |
| 13-Oct-2020 | n.a. | 2.09 | n.a. | n.a. | Estimates downgrade | David López Sánchez |
| 24-Sep-2020 | n.a. | 1.73 | n.a. | n.a. | 6m Results 2020 | David López Sánchez |
| 14-May-2020 | n.a. | 1.95 | n.a. | n.a. | 3m Results 2020 | David López Sánchez |
| 28-Feb-2020 | n.a. | 2.44 | n.a. | n.a. | 12m Results 2019 | David López Sánchez |
| 14-Nov-2019 | n.a. | 2.13 | n.a. | n.a. | 9m Results 2019 | David López Sánchez |
| 24-Sep-2019 | n.a. | 1.70 | n.a. | n.a. | Initiation of Coverage | David López Sánchez |

